

were brethren and friends, and shared alike with each other common toils, dangers and sufferings. Now, when their work is ended—when peace is restored, and they return again to their homes—put off the habitations of war, take their places in society and resume their pursuits in civil life, surely a spirit of harmony and concession, and of equal regard for the rights of all, and of all sections of the Union, ought to prevail in providing Governments for the acquired Territories—the fruits of their common service. The whole people of the United States, and of every State, contributed to pay the expenses of that war; and it would not be just for any one section to exclude another from all participation in the acquired territory. This would not be in accordance with the just system of Government which the framers of our Constitution adopted.

The question is believed to be rather abstract than practical, whether slavery ever can or would exist in any portion of the acquired territory, even if it were left to the option of the slaveholding States themselves. From the nature of the climate and productions of the country, in much the larger portion of it, it is certain it could never exist; and in the remainder, would not.

But, however this may be, the question involving as it does a principle of equality of rights of the separate and several States, as equal copartners in the confederacy, should not be disregarded.

In organizing Governments over their territories, no duties imposed on Congress by the Constitution require that they should legislate on the subject of slavery, while their power to do so is not only seriously questioned, but denied, by many of the soundest exponents of that instrument. Whether Congress shall legislate or not, the people of the acquired territories, when assembled in convention, will possess the whole and exclusive power to determine whether slavery shall, or shall not, exist within their limits. If Congress shall abstain from interfering in the question, the people of these territories will be left free to adjust it as they may think proper, when they may apply for admission as States into the Union. No enactment of Congress as could restrain the people of any of the sovereign States of the Union, old or new, slaveholding or non-slaveholding, from determining the apprehensions which were entertained by some of our statesmen in the earlier period of our government—that our system was incapable of operating with sufficient energy and success over largely extended territorial limits. Those who maintained that if this system was adopted, it would fall to pieces by its own weakness, have been disappointed by our experience. By the division of power between the States and the Federal Government, the latter is found to operate with as much energy at the extremes as in the centre. It is as sufficient in the remotest of the thirty States which now compose the Union, as it was in the thirteen States which formed our confederacy. Indeed, it may be doubted, whether, if our present population had been confined within the limits of the original thirteen States, the tendency to concentration would not have been such as to have encroached upon the essential reserved rights of the States, and thus make the Federal Government a widely different one, practically, from what it is in theory, and was intended to be by its framers. So far from entertaining apprehensions of the safety of our system by the extension of our territory, the belief is confidently entertained, that each new State gives strength and additional guarantee for the preservation of the Union itself.

In pursuance of the provisions of the 13th Article of the treaty of peace, friendship, limits and settlement with the republic of Mexico, and of the Act of July 29th, 1848, claims of our citizens against the Mexican Republic, amounting with the interest thereon, to two millions two hundred and thirty thousand eight hundred and thirty-two dollars fifty-one cents, have been liquidated and paid. There remains to be paid of these claims, \$74,192 70.

Congress, at its last session, having made no provision for executing the 15th Article of the treaty, by which the United States assumed to make satisfaction for the "unliquidated claims" of our citizens against Mexico, an amount exceeding \$3,250,000, the subject is again recommended to your favorable consideration.

The exchange of ratification in the treaty with Mexico took place on the 30th of May, 1848. Within one year after the time, the Commissioner and Surveyor, which each government stipulated to appoint, are required to meet at the Port of San Diego and proceed to run and mark the said boundary in its whole course, to the mouth of the Rio Bravo del Norte. It will be seen from this provision that the period within which these surveys of the respective governments are to meet at San Diego, will expire on the 19th of May, 1849. Congress, at the close of its last session, made an appropriation for the expenses of running and marking the boundary line between the two countries, but did not fix the amount of salary which should be paid to the commissioner and surveyor to be appointed on the part of the United States. It is desirable that the amount of compensation they shall receive should be prescribed by law, and not left, as at present, to executive discretion.

Measures were adopted at the earliest period to organize "the territorial government of Oregon," as authorized by the act of 14th of August, last. The Governor and Marshal of the Territory, accompanied by a small escort, left the frontier of Missouri in September last, and took the southern route by the way of Santa Fe and the river Gila, to California, with the intention of proceeding thence on one of our vessels to their destination. The Governor was fully advised of the great importance of his early arrival in that country, and it is confidently believed he may reach Oregon in the latter part of the present month, or early in the next. The other officers for the Territory have proceeded by sea.

In the month of May last, I communicated information to Congress that an Indian War had broken out in Oregon, and recommended that authority be given to raise an adequate number of Volunteers, to proceed without delay, to the assistance of our fellow citizens in that Territory; and the authority to raise such a force, not having been granted by Congress, as soon as their services could be dispensed with in Mexico, orders

were issued to the Regiment of Mounted Riflemen to proceed to Jefferson Barracks, in Missouri, and to prepare to march to Oregon as soon as the necessary provisions could be made. Shortly before it was ready to march, it was arrested by the provision of the Act passed by Congress on the last day of the last session, which directed that all non-commissioned officers, musicians, or privates, in the regiment, who had been in service, be discharged. The effect of this provision was to disband the rank and file of the regiment; and before their places could be filled by recruits, the season had so far advanced that it was impossible to proceed until the opening of next spring.

In the month of October last, the accompanying communication was received from the Governor of the temporary government of Oregon, giving information of the continuation of the Indian disturbances and of the destitute and defenceless condition of the inhabitants. Orders were immediately transmitted to the commander of our squadron in the Pacific, to despatch to their assistance a part of the navy on that station, to furnish them with arms and ammunition, and to continue to give them such aid and protection as the navy could afford, until the army could reach the country.

It is the policy of humanity, and one which has always been pursued by the United States to cultivate the good will of the Aboriginal tribes of the continent, and to restrain them from making war and indulging in excesses, by mild means rather than by force. That this could have been done with the tribes in Oregon, had the Territory been brought under the government of our laws at an early period, and had suitable measures been adopted by Congress, such as now exist in our intercourse with the other Indian tribes, within our limits, cannot be doubted. Indeed, the immediate and only cause of existing hostility of the Indians of Oregon, are represented to have been the long delay of the United States, in making to them some trifling compensation in such articles as they wanted, for the country now occupied by our emigrants, which the Indians claimed and over which they formerly roamed. The compensation had been promised to them by the temporary Government established in Oregon, but its fulfillment had been postponed from time to time, for nearly two years, whilst those who made it had been anxiously awaiting for Congress to establish a Territorial Government over the country.

The Indians became at length distrustful of their good faith, and sought redress by plunder and massacre, which finally led to the present difficulties. A few thousand dollars in suitable presents as compensation for the country which had been taken possession of by our citizens, would have satisfied the Indians, and have prevented the war. A small amount distributed, it is confidently believed, would restore quiet. In this Indian war, our fellow-citizens of Oregon; who have been compelled to take the field in their own defence, have performed valuable military services, and have been subjected to expenses which have fallen heavily upon them; so justice demands that provision should be made by Congress, to compensate them for their services, or to refund to them the necessary expenses which they have incurred.

I repeat the recommendation heretofore made to Congress, that provision be made for the appointment of a suitable number of Indian Agents to reside among the tribes of Oregon, and that a small sum be appropriated to enable these agents to cultivate friendly relations with them. If this be done, the residue of a small military force will be all that will be necessary to keep them in check and preserve peace.

I recommend that similar provisions be made as regards the tribes inhabiting Northern Texas and New Mexico, California, and the extensive region lying between our settlements and possessions; as the more effective means of preserving peace upon our borders, and within the acquired territory.

The Secretary of the Treasury will, in his annual report, exhibit a highly satisfactory statement of the condition of the Finances.

The imports of the fiscal year ending on the 30th of June last, were of the value of \$154,977,876, of which the amount exported was \$21,128,010, leaving \$133,859,866 in the country for domestic use.

The value of the exports for the same period was \$154,082,131, consisting of domestic productions, amounting to \$132,904,131, and \$21,128,010 unaltered of foreign articles.

The receipts into the Treasury for the same period exclusive of loans, amounted to \$25,436,750 56, of which there was derived from customs \$3,755,050 95; from sales of public lands \$2,328,642 56; and from miscellaneous and incidental sources, \$351,037 07.

It will be perceived that the revenue from the last fiscal year exceeded by \$797,070 96, the estimates of the Secretary of the Treasury in his last annual report; and that the aggregate receipts during the same period from customs, lands and miscellaneous sources; also exceeded the estimates by the sum of \$535,750 76; indicating, however a very near approach in the estimate to the actual result.

The expenditures during the fiscal year ending on the thirtieth of June last, including those for the war and exclusive of payment of principle and interest of the public debt, was \$42,811,970 3.

It is estimated that the receipts into the treasury for the fiscal year ending on the 30th of June, 1849, including the balance in the treasury, on the first of July last will amount to the sum of \$57,049,969 90; of which twelve millions, it is estimated, will be derived from customs, three millions from the sales of public lands and one million two hundred thousand from miscellaneous and incidental sources, including the premium on the loans, and the amount paid, and to be paid to the treasury on account of military contributions in Mexico, and the sales of arms and vessels and other public property, rendered unnecessary to the Government by the termination of the war; and \$20,695,435 30, from loans already negotiated, including the treasury notes funded, which together with the balance in the treasury on the first of July last, makes the sum estimated.

The expenditures for the same period, including the necessary payment on account of the principle and interest of the public debt, and the principal and interest of the first instalment due to Mexico on the 30th of May next, and other expenditures growing out of the war, to be paid during the present year, will amount (including the reimbursement of their treasury notes) to the sum of \$54,195,275 07, leaving an estimated balance in the treasury on the first of July, 1849, of \$285,394 84.

The Secretary of the Treasury will present as soon as required by law, the estimates of the receipts and expenditures for the next fiscal year. The expenditures, as estimated, for the year, amount to \$33,799,102 18, for the interest on the public debt, and 13,000,540 dollars for the principal and interest due Mexico, on the 31st of May, 1850, leaving the sum of \$25,874,050 35; which, it is believed, will be ample for the ordinary peace expenditure.

The operations of the Tariff act of 1846 have been such, during the past year, as fully to meet

the public expenditures, and to confirm the opinion heretofore expressed on the wisdom of the change in our Revenue system, which was effected by that act. The receipts under it into the Treasury for the first fiscal year after its enactment, exceed by the sum of \$5,844,403 09, the amount collected during the last fiscal year, under the Tariff act of 1842, ending 30th June, 1846. The total revenue realized from the commencement of the operation, on the 1st of December, 1846, until the close of the last quarter, on the 30th of September last, being twenty-two months, was \$56,551,563 75; being a much larger sum than was ever before received from duties during any equal period, under the action of highly protective and prohibiting duties. The revenue has been increased; the taxes on the people have been diminished. They have been relieved from the heavy amounts which they were burdened under former laws, in the form of increased prices or bounties paid to favored classes and pursuits.

The predictions that were made that the tariff act of 1846 would reduce the amount of revenue below that collected under the act of '42, and wholly prostrate their industry and business, and destroy the prosperity of the country, have not been verified. With an increased and increasing revenue, the finances are in a highly flourishing condition. Agriculture, commerce and navigation are prosperous, and the prices of manufactured fabrics, and of other products, are much less injuriously affected than was to have been anticipated, from the unprecedented revolutions which, during the last and present year have overwhelmed the industry and paralyzed the credit and commerce of so many enlightened nations of Europe.

Severe commercial revolutions abroad have all ways heretofore operated to depress, and often to affect disastrously, almost every branch of American industry. The temporary depression of a portion of our manufacturing interests is the effect of foreign causes, and is far less severe than has prevailed on all former similar occasions. It is believed, that, looking to the great aggregate of all our interests, the whole country was never more prosperous than at the present period, and never more advanced in wealth and population. Neither the foreign war in which we have been involved, nor the loans which have been brought over so large a portion of our capital, nor the commercial revolution in Great Britain in 1847, nor the paralysis and commerce throughout Europe in 1848, have affected injuriously, to any considerable extent, any of the great interests of the country, or arrested our onward march to greatness, wealth and power.

Had the disturbances in Europe not occurred, our commerce would undoubtedly have been still more extended, and would have added still more to the national wealth and public prosperity.—But, notwithstanding these disturbances, the operations of the revenue system, as established by the tariff of '46, has been generally beneficial to the Government and business of the country, and no change in its provisions is demanded by the policy, and none is recommended. The operations of the Constitutional Treasury, established by the act of 6th August, 1846, in the receipt, custody and disbursement of the public money, have continued to be successful. Under this system, the public finances have carried through the foreign war, involving the necessity of loans, and extraordinary expenditures, and requiring distant transfer and disbursements, without embarrassment, and no loss has occurred of any of the public money deposited under its provisions. Whilst it has proved to be safe and useful to the Government, its effects have been most beneficial in the country. It has hastened powerfully to secure an exemption from that inflation and fluctuating of the paper currency, so injurious to domestic industry, and indeed so uncertain in the rewards of labor, and is believed to have largely contributed to preserve the whole country from a commercial convulsion, such as often occurs under the bank deposit system. In the year 1847 there was a revolution in the business of Great Britain, of great extent and intensity, which was followed by failures in that kind, and unprecedented in number and amount of losses. This is believed to be the first instance when such disastrous bankruptcies, occurring in a country with which we have such extensive trade and intercourse, in which we were but little affected in our money market, and our business and industry were still prosperous and progressive.

During the present year, nearly the whole continent of Europe has been convulsed by civil war and revolutions, attended by numerous bankruptcies, and by an unprecedented fall in their securities, and an almost universal paralysis of commerce and industry, and although our trade and prices of our products, must have been somewhat unfavorably affected by these causes, we have escaped a revolution; our money market is comparatively easy, and public and private credit have advanced and improved.

It is confidently believed, that we have been saved from these effects by the salutary operations of the Constitutional Treasury. It is certain, that if the twenty-four millions of specie, imported into the country during the fiscal year ending on the 30th of June, 1847, had gone into the banks as to a great extent it must have done, it would, in the absence of the system, have been made the basis of augmented bank paper, issued probably to an amount not less than sixty or seventy millions of dollars, producing, as an inevitable consequence of an inflated currency, extravagant prices for a time, and wild speculation, which must have been followed, on the reflux of Europe the succeeding year, of so much of that specie, by the prostration of the business of the country, the suspension of the banks, and most extensive bankruptcies. Occurring as this would have done at a period when considerable loans of specie were required for disbursements, and when the banks, the fiscal agents of the Government, and the depositories of its monies, would be suspended, the public credit must have sunk, and many millions of dollars, as was the case during the war of 1812, must have been sacrificed, in discounts upon loans, and upon the depreciated paper currency which the Government would have been compelled to use.

Under the operations of a constitutional Treasury, not a dollar has been lost by the depreciation of the currency. The loans required to prosecute the war were negotiated by the Secretary of the Treasury above par, and realizing a large premium to the Government. The restraining effect of the system upon the tendencies to excessive paper issue by the banks, has saved the Government from heavy losses, and thousands of the business men from bankruptcy and ruin. The last two years, and is the dictate of sound policy that it should remain undisturbed. The modifications of the details of this measure, involving the principles heretofore recommended, are again presented for your favorable consideration.

In my message of the 6th July last, transmitting to Congress the ratified treaty of peace with Mexico, I recommended the adoption of measures for the speedy payment of the public debt. In submitting the recommendation, I referred you to

the consideration presented in that message, in support. The public debt including that authorized to be negotiated in pursuance of existing laws, and including Treasury notes, amounted at that time to \$65,778,150 41.

Funded stock of the United States, amounting to about half a million of dollars, has been purchased, as authorized by law, since that period and the public debt has thus been reduced, the details of which will be presented in the report of the Secretary of the Treasury.

The estimate of expenditures for the next fiscal year, presented by the Secretary of the Treasury, it is believed, will be ample for all necessary purposes. If the appropriation made by Congress shall not exceed the amount estimated, the means in the Treasury will be sufficient to defray all the expenses of the Government; to pay off the next instalment of \$3,000,000, to Mexico, which fall due on the 30th of May next, and still a considerable surplus will remain, which should be applied to further purchases of the public stock and reduction of the debt. Should other appropriations be made, the necessary consequence will be, to postpone the payment of the debt. Though our debt as compared with that of most other nations in the world, is small, it is our true policy, and in harmony with the nature of our institutions, that we should present to the world the rare spectacle of a great Republic, possessing vast resources and wealth, wholly exempt from indebtedness; and it would add still more to our strength, and give to us a still more commanding position among the nations of the earth.

The public expenses should be economical, and be confined to such objects as are clearly within the power of Congress. All such as are not absolutely demanded, should be postponed. The payment of the public debt at the earliest practicable period, should be a cardinal principle of our public policy.

For the reason assigned in my last Annual Message, I repeat my recommendation, that a branch of the mint of the United States be established at the City of New York. The importance of this measure is greatly increased by the acquisition of the mines of precious metals in New Mexico and California, especially the latter.

I repeat the recommendation heretofore made, in favor of the graduation, and reduction in price of such of the public lands, as have been long offered in the market, and have remained unsold and in favor of extending the rights of preemption to actual settlers, on the unsurveyed, as well as surveyed lands.

The condition and operations of the army, and the state of the other branches under the supervision of the War Department, are satisfactorily presented in the accompanying reports of the Secretary of War.

On the return of peace, our forces were withdrawn from Mexico, and the volunteers and that portion of the regular army engaged for the war, were discharged. Orders have been issued for stationing the forces of our permanent establishment at various points in our extended country, where troops may be required. Owing to the remoteness of some of their positions, the detachments have not yet reached their destination.—Notwithstanding the limits of our country, and the new territories, it is confidently believed, that our present military establishment is sufficient for all exigencies, so long as our peaceful relations remain undisturbed.

Of the amount of military contributions collected in Mexico, the sum of \$769,650 was applied toward the payment of the first instalment due under the treaty of Mexico. The further sum of \$46,369 30 dollars, has been paid into the treasury. An unexpended balance still remains in the hands of disbursing officers, and these are engaged in the collection of those moneys. After the proclamation of peace, no farther disbursements were made of any unexpended moneys arising from this source. The balance on hand were directed to be paid into the Treasury, and the individual claims will remain unadjusted until Congress shall authorize their settlement and payment. These claims are not considerable in number or in amount. I recommend for your favorable consideration, the suggestion of the Secretary of War and the Secretary of the Navy, in regard to the legislation on this subject.

Our Indian relations are presented in a most able report in a report from the War Department. The wisdom of our policy in regard to the tribes within our limits, is clearly manifested by their improved and rapidly improving condition. A most important treaty with the Menomonees has been recently negotiated by the Commissioner of Indian Affairs in person, by which all their land in the State of Wisconsin, being over four millions of acres, has been ceded to the United States. The treaty will be submitted to the Senate for their ratification, at an early period of your session.—Within the last four years, eight important treaties have been negotiated with different tribes; and at a cost of 1,842,000 dollars. Indian lands to the amount of more 8,500,000 acres have been ceded to the United States, and provision has been made for settling in the country west of the Mississippi; the tribes which occupied this large extent of domain. The title to all the Indian lands within the several States of our Union, with the exception of a few small reservations, is now extinguished, and a vast region opened for settlement and cultivation.

The accompanying report of the Secretary of the Navy gives a satisfactory exhibit of the operations of that branch of the public service.

A number of small vessels suitable for entering the mouths of rivers were judiciously purchased during the war, and gave great efficiency to the squadron in the Gulf of Mexico. On the return of peace, when no longer suitable for Naval purposes, and liable to constant deterioration, they were sold and the money placed in the treasury.

The number of men in the Naval service, authorized by law, during the war, has been reduced by discharges below the maximum fixed for the peace establishment. Adequate squadrons are maintained in several quarters of the globe where experience has shown their service may be most usefully employed, and the naval service was never in a condition of higher discipline or greater efficiency.

I invite attention to the recommendation of the Secretary of the Navy, on the subject of the Marine Corps. The reduction of the corps at the end of the war, required that four officers of the three lower grades should be dropped from the roll. A board of officers made the selection, and those designated were necessarily dismissed, but without any alleged fault. I concur in the opinion with the Secretary, that the service would be improved by reducing the number of officers to the extent of the reduction by dismissal, and still the corps would have fewer officers than a corresponding number of men in the army.

The contracts for the transmission of the mail in steamships, converted into war steamers, promises to realize all the benefits to our commerce and to the navy, which were anticipated. The first steamer thus secured was launched in January, 1848. There are now seven, and in

another year there will probably be no less than seventeen afloat. While this great national advantage is secured, our civil communication and intercourse are increased and promoted with Germany, Great Britain and other parts of Europe—with all the countries of the west coast of our continent—and especially with Oregon and California, between the northern and southern sections of the west. Considerable revenue may be expected from postage; but the connected line from Chagres and thence across the isthmus to Oregon cannot fail to exert a most beneficial influence not now to be estimated, in the intercourse of the manufactures, commerce, navigation and currency of the United States. As an important part of the system, I recommend to your favorable consideration the establishment of the proposed line of steamers between New Orleans and Vera Cruz. It promises the most happy results in cementing friendship between the two Republics, and in extending reciprocal advantages to the trade and manufactures of both.

The report of the Postmaster General will make known to you the operations of the department for the past year.

It is gratifying to find the revenues of the Department under the rates of postage now established by law, so rapidly increasing. The gross amount of postage during the last fiscal year amounted to \$4,371,077, exceeding the annual average receipts for the nine years immediately preceding the passage of the act of the 3d of March, 1845, by the sum of \$16,453, and exceeding the amount received the year ending the 30th of June, 1847, by the sum of \$425,184.

The expenditures for the year, excluding the sum of \$24,672 allowed by Congress, at its last session, to individual claimants, and including the sum of \$100,500, paid for the services of a line of steamers between Bremen and New York, amounted to \$4,195,845, which is less than the average for the nine years previous to the act of 1845, by \$900,745.

The mail routes on the 30th day of June last, were 163,208 miles in extent—being an increase during the last year of nine thousand three hundred and ninety miles. The mails were transported over them during the same term 41,012,579 miles, making an increase of transportation for the year of 2,124,680 miles, whilst the expense was less than that of the previous year by four thousand two hundred and thirty-five dollars.

The increase in the mail transportation within the last three years has been 5,378,810 miles, whilst the expenses were reduced \$156,737—making an increase of service at the rate of 15¢ per cent. During the past year there have been employed in contracts with the Post Office Department, two ocean steamers, in conveying the mails monthly between New York and Bremen; and one, since October last, performing semi-monthly service between Charleston and Havana.

A contract has been made for the transmission of the Pacific mails across the isthmus, from Chagres to Panama. Under the authority given to the Secretary of the Navy, three ocean steamers have been constructed and sent to the Pacific, and are expected to enter upon the mail service between Panama and Oregon, and the intermediate points, on the first of January, of next year; and a fourth has been engaged by him, for the service between Havana and Chagres, so that a regular mail line will be kept up, after that time, between the United States and our territories on the Pacific.

Notwithstanding the great increase in the mail service, should the revenue continue to increase the present year, as it did the last, there will be received near \$450,000 more than the expenses.

These considerations have satisfied the Postmaster General that with certain modifications of the act of 1845, the revenue may be still further increased, and a reduction of postage made to a uniform rate of five cents, without any interference with the principle which has been constantly and properly enforced, of making that Department sustain itself.

A well digested postage system is the best means of diffusing intelligence among the people, and is of so much importance in a country so extended as this of the United States, that I recommend to your favorable consideration, the suggestions of the Postmaster General, for its improvement.

Nothing can retard the onward progress of our country, and prevent us from assuming and maintaining the first position among nations, but a disregard of the experience of the past.

The introduction of a new policy was for a time favored by the condition of the country, by the heavy debts which had been contracted during the war, by the depression of the public credit, by the deranged state of the finances and the currency, and by the commercial and pecuniary embarrassment which extensively prevailed. These were not the only causes which led to its establishment; the events of the war with Great Britain, and the embassies which had attended its prosecution, had left on the minds of many of our statesmen the impression that our government was not strong enough, and that, to work its resources successfully in great emergencies, and especially in war, more power should be concentrated into its hands. This increased power, they did not seek to obtain by the legitimate and prescribed mode—an amendment of the constitution—but by construction. They drew their ideas of the old world was based upon different orders of society, and so constituted as to throw the whole of our nations into the hands of a few, who taxed, uncontrolled, the many, without responsibility or restriction. In that arrangement, they conceived the strength of nations, in war, consisted. There was, also, something fascinating in this luxury and display of the higher orders, who drew their wealth from the toil of the laboring millions. The authors of the system drew their ideas of their political economy, from what they had witnessed in Europe, and particularly in Great Britain. They had viewed the enormous wealth concentrated in a few hands, and had seen the splendor of the overgrown establishments of an aristocracy, which was upheld by the restrictive policy. They forgot to look down upon the poorer classes of the English population, whose daily and hourly labor in the great establishments they so much admired and was sustained and supported. They failed to perceive that the system fed and half clad operatives were not only in abject poverty, but were bound in chains of oppressive servitude, for the benefit of the favored classes—the exclusive objects of the care of government.

It was not possible to reconstruct society in the United States upon the European plan. There was a written constitution by which orders and titles were not recognized or tolerated. A system of measures was devised, calculated if not intended, to withdraw power gradually and silently from the States and the masses of the people, and by construction, to approximate our government to the European models, and instituting an aristocracy of wealth for that of orders and titles.

Without reflecting upon the dissimilarity of our institutions, and of the condition of our people, and those of Europe, they conceived the vain idea of building up in the United States a system similar to that which they admired abroad. Great Britain had a National Bank, with a large capital, in whose hands was concentrated the monetary and financial power of the nation; an institution wielding almost kingly power, and exerting vast influence upon all the operations of trade, and upon the policy of the Government itself. Great Britain had an enormous public debt, and it had become a part of her public policy to regard this as a "national blessing." Great Britain had a contracted policy, which placed fetters and burdens upon trade, and trammelled the productive industry of the mass of the nation. By her combined system of policy, the landlord and other property holders were enriched, by enormous taxes which were levied upon the labor of the country, for their advantage.

Imitating this foreign policy, the first step to-

wards establishing the new system, was the erection of a National Bank. Not foreseeing the disastrous power and countless evils which such an institution might entail on the country, nor perceiving the connection which it was designed to form between the bank and the other branches of the so-called "American system," but feeling the embarrassments of the Treasury, and of the business of the country, consequent upon the war, some of our statesmen who had held different and sounder views, were induced to yield their scruples, and, indeed, settled convictions of the unconstitutionality, and to give it their sanction, as an expedient which they vainly hoped might produce relief. It was a most unfortunate error, as the subsequent history and final catastrophe of the dangerous and corrupt institution, have abundantly proven. The Bank and its numerous branches, ramified into the States, soon brought many of the active politicians and influential men, in different sections of the country, into the relation of debtor to it, and dependent upon pecuniary favors; thus diffusing through the mass of society a great number of individuals, of power and influence, to give tone to public opinion, and to act, in concert in cases of emergency. The corrupt power of such a political engine is no longer a matter of speculation, having been displayed in numerous instances, but most signally in the political struggle of 1832-'34, in opposition to the public will, represented by a fearless and patriotic President.

But, the Bank was but one branch of this new system. A public debt of more than \$120,000,000 existed, and it is not to be disguised that many of the authors of the new system did not regard its speedy payment as essential to the public prosperity, but looked upon its continuance as no national evil. Whilst the debt existed, it furnished a limit to the National Bank, and rendered increased taxation necessary, to the amount of interest, exceeding seven millions of dollars annually.

The next branch of the new system was a high protective tariff. This was an effort to protect the favored classes and particular pursuits, at the expense of all others. A proposition to tax the whole people for the purpose of enriching a few, was too monstrous to be openly made. The scheme was therefore veiled under the plausible but delusive pretext, of a measure to protect home industry, and many of our people were, for a time, led to believe that a tax which, in the main, fell upon labor, was for the benefit of the laborer who paid it. This branch of the system involved a partnership between the Government and the favored classes. The former receiving the proceeds of the tax imposed on articles imported, and the latter the increased price of similar articles produced at home, caused by such tax.

Another branch of this system was a comprehensive scheme of internal improvements, capable of indefinite enlargement, and sufficient to swallow up as many millions, annually, as could be exacted from the former source of revenue of the country. This was a convenient and necessary adjunct of the Protective Tariff. It was to be the great absorber of any surplus which might, at any time, accumulate in the Treasury, and of the taxes levied on the people, not for necessary revenue, but for the avowed object of affording protection to the favored classes.

Auxiliary to the same end, if it was not an essential part of the system itself, was a scheme, which, at a later period, obtained for distributing the proceeds of the sales of the public lands among the States.

Other expedients were devised to take the money out of the treasury, and to prevent its coming from any other source than a protective tariff. The authors and supporters of the system were the advocates of the largest expenditures—whether for necessary or useful purposes, or for material, because the larger the expenditure the greater was the pretext for high taxes, in the form of protective duties.

Those several measures were sustained by popular names and plausible arguments, by which thousands were deluded. The bank was represented to be an independent fiscal agent, for the government was to equalize exchanges, and to regulate the currency, and to issue paper money, and everywhere of uniform value. The "protective tariff" was to give employment to "American labor" at advanced prices—was to protect "home industry," and furnish a steady market for the farmer. Internal improvements were to bring roads to every neighborhood, and enhance the value of every man's property. The distribution of the public money was to enrich the States—finish their public works, plant schools throughout their public borders, and relieve them from taxation; but the fact that for every dollar taken out of the treasury for these objects, a much larger sum was transferred from the pockets of the people to the favored classes, was continually concealed, as was also the tendency, if not the ultimate design of the system, to build up an aristocracy of wealth, to control the masses of society, and monopolize the political power of the country. The several branches of this system were so intimately blended together in their operations, each sustained and strengthened the other.

Their joint operations were to add new burdens of taxation, and to encourage a largely increasing and wasteful expenditure of public money. It was the interest of the Bank that the revenue collected, and disbursements made by the government, should be large; because, basing the repository of the public money, the greater would be the bank profits by its use. It was the interest of the favored classes, who were enriched, to have the rates of that protection as high as possible; for the higher these rates, the greater would be their advantages. It was the interest of all these persons and localities, who expected to be benefited by expenditures for internal improvements, that the amount collected should be as large as possible so that the sum disbursed might also be the larger. The States being the beneficiaries in the distribution of the land, many had an interest in the plan proposed by a protective Tariff. That they should be large enough to yield sufficient revenue from that source to meet the wants of Government, without disturbing the Land funds; so that each of the branches constituting the system, had a common interest in swelling the public expenditures. They had the direct interest in maintaining the public debt unpaid, and increasing its amount, because this would produce an annually increased drain upon the treasury, to the amount of the interest, and render necessary effect of the whole system, were, to encourage large and extravagant expenditures, and thereby increase the public patronage, and maintain a rich and expensive Government, at the expense of a taxed and impoverished people.

It is manifest that this scheme of enlarged taxation and expenditures, had it continued to prevail, must soon have converted the Government of the Union—intended by its framers to be a plain, cheap and simple confederation of States, united together for common protection, and charged with a few specific duties relating chiefly to our foreign affairs, into a consolidated empire, depriving the States of their reserved rights and the people of their just power and control in the administration of their government. In this manner the whole form and character of the government would be changed, not by an amendment of the constitution, but by resorting to an unwarrantable and unauthorized construction of that instrument.

The indirect mode of levying the taxes by a duty on imports prevented the mass of the people from readily perceiving the amount they pay, and has enabled the few who are thus enriched and who seek to yield the political power of the country to deceive and delude them. Were the taxes a direct levy upon the people, as is the case in the States, this could not occur.

The whole system was resisted from its inception by many of our ablest statesmen, and some of whom doubted its constitutionality and expediency, while others believed it was, in all its branches, a flagrant and dangerous infraction of the constitution.